India's Aviation Law Revolution: Legislative Reform, Judicial Developments, and Regulatory Transformation, 2024–2026

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ABSTRACT

Few sectors of the Indian economy have witnessed as dramatic a legislative awakening as civil aviation did between 2024 and 2026. Driven largely by the catastrophic lessons of the Go First airline insolvency, India's lawmakers moved with uncommon urgency to address structural vulnerabilities that had long undermined investor confidence and inflated leasing costs. This paper traces three interlocking threads of transformation: the enactment of the Protection of Interests in Aircraft Objects Act, 2025, which finally gave meaningful domestic teeth to India's decade-old ratification of the Cape Town Convention; the introduction of the Bharatiya Vayuyan Adhiniyam, 2024, which retired a colonial-era regulatory statute and reoriented civil aviation governance for the contemporary era; and the promulgation of India's first mandatory sustainable aviation fuel (SAF) blending requirement, which introduced a new dimension of environmental compliance into airline operations. Woven alongside these legislative milestones are significant judicial pronouncements — notably the Bombay High Court's resolution of a 27-year aviation dispute in *Airport Authority of India v. Aer Lingus Ltd* — and the unfolding passenger rights crisis triggered by IndiGo's mass flight cancellations in December 2025. Taken together, these developments reveal a nation consciously redesigning its aviation legal architecture, not merely as an administrative exercise, but as a strategic instrument of economic ambition. The paper argues that while India has made genuinely historic progress, certain fault lines — particularly the constitutional vulnerability of unilateral arbitrator appointment and the unresolved legacy of pre-2025 insolvency disputes — warrant continued scholarly and regulatory attention.

Keywords: Protection of Interests in Aircraft Objects Act 2025, Bharatiya Vayuyan Adhiniyam 2024, Cape Town Convention, aircraft leasing, sustainable aviation fuel, Go First insolvency, GIFT City, aviation arbitration, passenger rights India, IDERA

INTRODUCTION

There is something instructive about the fact that, until 2024, India's civil aviation sector — the third largest domestic air travel market in the world — was still governed by a statute written in 1934. The Aircraft Act of that year was a product of its time: a colonial administrative instrument designed to regulate a fledgling industry, not to manage a sector moving over 150 million domestic passengers annually. That this legislative relic survived for nine decades speaks less to its adequacy and more to the inertia that often characterises regulatory reform in complex federal systems.

The reckoning, when it finally arrived, was precipitated by crisis. The insolvency of Go First airline in 2023 did not merely expose the operational fragility of Indian carriers — it laid bare a profound mismatch between India's domestic legal architecture and its international treaty obligations. When aircraft lessors, who hold proprietary rights over more than 86% of India's commercial fleet, sought to repossess their assets following Go First's default, they encountered a labyrinthine conflict between the Insolvency and Bankruptcy Code, 2016 and the Cape Town Convention on International Interests in Mobile Equipment, to which India had been a party since 2008. The outcome was months of legal uncertainty, stranded aircraft, and a sharp deterioration in India's reputation among global aviation financiers.

What followed was an unusually coherent legislative response. Within roughly twelve months, Parliament enacted two landmark statutes and the government announced a transformative environmental mandate. The Protection of Interests in Aircraft Objects Act, 2025 gave the Cape Town Convention genuine legal primacy in Indian courts. The Bharatiya Vayuyan Adhiniyam, 2024 replaced the Aircraft Act, 1934, with a modern regulatory framework. And the mandated 1% blending of sustainable aviation fuel on all domestic flights signalled India's alignment with the global environmental transition underway in commercial aviation.

This paper examines each of these developments with analytical depth. It also considers significant judicial decisions, the evolving arbitration landscape in aviation disputes, and the strategic importance of the GIFT City aircraft leasing initiative. The central argument is that India's aviation legal reforms represent not incremental updates but a genuine paradigm shift — one that, if implemented faithfully, could reconfigure India's position in the global aviation economy. At the same time, the paper identifies implementation gaps and constitutional questions that remain unresolved, suggesting that the reform journey is far from complete.

The Protection of Interests in Aircraft Objects Act, 2025: A Legislative Overdue

From Convention to Domestic Law — Closing a Seventeen-Year Gap

India's ratification of the Cape Town Convention in 2008 was, at the time, celebrated as a forward-looking commitment to international aviation finance norms. What was less appreciated then — and became painfully apparent fifteen years later — was that ratification without implementing legislation is a hollow gesture. A treaty signed by the executive branch of government does not automatically become enforceable domestic law in India's dualist constitutional framework. Unless Parliament translates treaty obligations into statute, courts are not bound to apply them, and domestic legislation — including insolvency law — takes precedence.

This structural gap remained largely academic until 2023, when the Go First insolvency petition was admitted by the National Company Law Tribunal under Section 10 of the Insolvency and Bankruptcy Code, 2016. The moratorium imposed under Section 14 of the Code froze all asset recovery proceedings, effectively preventing lessors from exercising their Cape Town Convention rights to repossess aircraft. The Aviation Working Group, which monitors global Cape Town compliance, downgraded India's rating accordingly. The reputational and economic consequences were immediate: lease-rate factors for Indian airlines climbed, and the premium they paid over comparably-rated international carriers — already estimated at 8 to 10 percent — showed no sign of narrowing.

The Protection of Interests in Aircraft Objects Bill was tabled in Parliament in February 2025. It cleared both Houses by early April and received Presidential assent shortly thereafter, entering into force on 1 May 2025. The speed of passage — under ten weeks from tabling to enactment — was remarkable by Indian parliamentary standards and reflected a degree of cross-party consensus that underscored the economic urgency of the reform.

What the Act Actually Does

At its core, the Act accomplishes something deceptively simple but legally transformative: it tells every court and tribunal in India that the Cape Town Convention and its Aircraft Protocol are paramount. Four headline provisions deserve close attention.

The first is the Convention Supremacy Clause. Section 3 of the Act contains an express override provision establishing that where the Cape Town Convention or the Aircraft Protocol conflict with any other Indian law — including the Insolvency and Bankruptcy Code — the Convention and Protocol shall prevail. This is not a soft preference; it is a hard legal displacement. For the first time, an aircraft lessor holding a registered international interest can confidently invoke treaty-based repossession rights without fear that a domestic insolvency court will foreclose them.

The second key provision is the five-day deregistration obligation. Upon receiving a valid Irrevocable De-registration and Export Request Authorisation from a secured creditor, the Directorate General of Civil Aviation is legally required to process and effect the deregistration of the relevant aircraft within five working days.

Before this provision, DGCA deregistration could take weeks or months, and in contested cases, indefinitely. The five-day rule transforms what was previously an administrative discretion into a legally enforceable duty, with judicial review available through the High Courts if the deadline is not met.

The third innovation involves absolute priority for registered international interests. Security interests recorded on the International Registry maintained under the Cape Town Convention now rank ahead of any unregistered domestic encumbrances, including local tax liens and port charges. This priority rule provides financiers with the legal certainty required to model their risk accurately — a prerequisite for reducing the cost of capital flowing into Indian aviation.

The fourth structural change is High Court exclusivity. All disputes arising under the Act are to be adjudicated only by High Courts, removing the possibility of satellite litigation in subordinate courts where judicial expertise in complex aviation financing matters may be limited. This channelling of disputes to superior courts is consistent with best practices in aviation finance jurisdictions and helps ensure that India's jurisprudence in this area develops coherently.

What It Means for the Market

The practical implications of the Act are already being felt. The Aviation Working Group, which had flagged India's Cape Town non-compliance, has signalled that India's rating will return to "positive" — a designation that carries tangible financial consequences. Market analysts estimate that improved legal certainty could reduce lease-rate factors by somewhere between 20 and 35 basis points for narrow-body aircraft deliveries to Indian airlines. At scale — with Indian carriers set to take delivery of over 1,000 aircraft over the next decade — this translates into hundreds of millions of dollars in reduced financing costs.

The Act also lends significant momentum to India's ambition to develop a domestic aircraft leasing hub at GIFT City in Gujarat. For such a hub to be credible, international lessors and financiers must be confident that their contractual rights will be respected even in adversarial circumstances. The Act provides that confidence. Combined with the fiscal incentives available within the International Financial Services Centre framework — including exemptions from goods and services tax, customs duty, and corporate income tax for qualifying leasing transactions — GIFT City now presents a genuinely competitive proposition.

The Bharatiya Vayuyan Adhiniyam, 2024: Modernising a Regulatory Skeleton

Why the 1934 Act Had to Go

Any honest assessment of the Aircraft Act, 1934 must acknowledge that it was not merely aging — it was architecturally incompatible with the demands placed on it. Written for a world where aircraft were rare, expensive curiosities operated by a handful of carriers, it made no provision for unmanned aerial vehicles, electric aviation, digital contracting, data-driven safety oversight, or the layered international regulatory framework that contemporary civil aviation requires. Its definitional provisions were so narrow that regulators had been operating on legal improvisation for years, plugging gaps through circulars and administrative directives that lacked statutory backing.

The Bharatiya Vayuyan Adhiniyam, 2024 — sometimes referred to simply as "the Adhiniyam" — replaces the 1934 Act in its entirety. Passed by Parliament and receiving Presidential assent in 2024, its provisions are being notified in phases to allow regulatory systems and aviation stakeholders time to adapt.

Substantive Reforms

Definitional modernisation is perhaps the most immediately practical change. The Adhiniyam incorporates contemporary aviation categories — unmanned aircraft systems, remotely piloted aircraft, and electric vertical take-off and landing vehicles — within its regulatory ambit. This matters enormously for India's burgeoning drone sector, which has seen rapid commercial expansion but has operated in a regulatory grey zone under the old statute.

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Regulatory architecture under the new law clarifies the respective mandates of the Directorate General of Civil Aviation, the Airports Economic Regulatory Authority, and the Bureau of Civil Aviation Security. The Adhiniyam consolidates safety and operational oversight within the DGCA while preserving AERA's jurisdiction over airport tariffs, with the Telecom Disputes Settlement and Appellate Tribunal continuing to hear appeals from AERA decisions. This demarcation reduces jurisdictional ambiguity that had previously given rise to costly disputes over regulatory boundaries.

Graduated penalty structures represent another significant departure from the 1934 regime. Under the old Act, regulatory offences were primarily addressed through criminal prosecution — a blunt instrument ill-suited to the routine technical infractions that occur in a large commercial aviation system. The Adhiniyam introduces administrative fines for minor violations, reserving criminal sanctions for serious safety breaches. This calibrated approach aligns Indian practice with the regulatory philosophy adopted by the Federal Aviation Administration in the United States and the European Union Aviation Safety Agency.

Dispute resolution provisions in the Adhiniyam introduce structured mechanisms for compensation claims, including referral to arbitration. However, one particular provision has attracted significant scholarly attention: the authority granted to the Central Government to unilaterally appoint arbitrators in compensation disputes where the parties have not agreed on an appointment mechanism. As discussed below in the context of arbitration law, this provision carries constitutional risk in light of the Supreme Court's established jurisprudence on arbitral independence.

The Sustainable Aviation Fuel Mandate: Green Skies and New Legal Frontiers

The Regulatory Context

The year 2025 marked India's entry into the global sustainable aviation fuel regulatory landscape. The Ministry of Civil Aviation, in coordination with the Ministry of Petroleum and Natural Gas, confirmed that all domestic flights would be required to use aviation turbine fuel containing a minimum 1% blend of sustainable aviation fuel from 2025 onwards. Indian Oil Corporation publicly committed to supplying the required volumes between July and September 2025, with the aggregate national target estimated at approximately 140 million litres annually.

This mandate did not emerge in isolation. It followed the trajectory set by the European Union's ReFuelEU Aviation Regulation, which established binding SAF blending requirements for EU airports, as well as similar frameworks in the United Kingdom, Singapore, and South Korea. India's 1% initial threshold is modest by comparison — the EU's mandate rises to 2% by 2025 and 6% by 2030 — but it establishes the legal and institutional infrastructure for progressive escalation.

Legal and Compliance Architecture

The SAF mandate creates a new layer of regulatory obligation with important legal implications. Airlines must now:

- **Source compliant fuel:** Procurement agreements with fuel suppliers must specify SAF content and sustainability certification, creating contractual documentation requirements that did not previously exist.
- **Report compliance:** The DGCA's mandate to develop electronic forms and a compliance portal means airlines will face ongoing reporting obligations, with potential penalties for non-compliance.
- **Absorb or allocate costs:** The price differential between conventional aviation turbine fuel and SAF — which can be substantial — must either be absorbed operationally or passed to passengers, with implications for fare regulation and competition law.

Interaction with International Obligations

India's SAF mandate does not exist in isolation from its international commitments. As an ICAO member state, India participates in the Carbon Offsetting and Reduction Scheme for International Aviation, which entered its mandatory phase in 2027. The interaction between domestic SAF mandates and CORSIA carbon offsetting requirements creates a layered compliance environment. Specifically, SAF use generates "eligible emissions units" under CORSIA, meaning that airlines using SAF on international routes may receive credit against their CORSIA offsetting obligations — a provision that incentivises SAF adoption beyond the domestic requirement.

The key implementation milestones for the SAF mandate are summarised as follows:

Timeline	Regulatory Milestone
Q3 2025	DGCA releases electronic compliance forms and reporting portal
Q4 2025	Petroleum Ministry issues binding SAF-purchase obligations for airlines
2025 onward	1% SAF blend requirement active on all domestic flights
Post-2026	Anticipated progressive increase in blending percentage
2027	CORSIA mandatory phase begins — SAF credits applicable

Landmark Judicial Developments

Airport Authority of India v. Aer Lingus Ltd and Others (2025)

The Bombay High Court's judgment in this matter, reported at 2025 SCC OnLine Bom 1738, has earned its place among the significant aviation law decisions of recent years — partly for its legal reasoning, but equally for its extraordinary procedural history. The dispute, which had been pending for twenty-seven years, involved claims by the Airport Authority of India against the Irish carrier Aer Lingus for alleged unpaid airport charges. The extended duration of the proceedings itself became a commentary on the structural delays that have historically plagued commercial litigation in India.

The court's judgment is notable for several reasons. It clarified that airport charges are creatures of contract and cannot be varied unilaterally by the airport operator outside the terms of the applicable agreement. It further held that a public authority discharging commercial functions — such as providing airport services — does not enjoy sovereign immunity from contractual liability. And it underscored the importance of maintaining clear documentary trails for historical charges, holding that evidentiary gaps over extended periods of time cannot be remedied by assertion alone.

For the aviation industry, the judgment sends an important signal: airlines that contest airport charges will find the courts willing to scrutinise the contractual basis of those charges rigorously, rather than deferring automatically to the authority of the airport operator.

The Ongoing Legacy of Go First

The Go First insolvency — technically filed in 2023 but still generating jurisprudence in 2025 and 2026 — remains the most consequential single event in the history of Indian aviation law. Its significance lies not just in its immediate facts but in what it revealed about the assumptions underlying India's legal system.

When the NCLT admitted Go First's voluntary insolvency petition, it imposed an automatic moratorium under Section 14 of the Insolvency and Bankruptcy Code, prohibiting all asset recovery proceedings including aircraft repossession. Lessors who had registered interests under the Cape Town Convention found themselves legally barred from exercising rights that international treaty law recognised as paramount. Several lessors filed writ petitions challenging the moratorium's application to aircraft subject to Cape Town Convention interests, generating a body of interlocutory jurisprudence that highlighted the urgent need for implementing legislation.

The Protection of Interests in Aircraft Objects Act, 2025 addresses the systemic issue prospectively. However, legacy disputes from the Go First proceedings continue before the National Company Law Appellate Tribunal and are anticipated to reach the Supreme Court, which is expected to provide authoritative guidance on the precise scope of the Act's retrospective effect and the treatment of Cape Town Convention interests in pre-Act insolvency proceedings.

IndiGo's Mass Cancellations and the Passenger Rights Question

A different kind of legal challenge emerged in December 2025 when IndiGo, India's dominant carrier by market share, conducted a large-scale cancellation of flights across its network. The disruption affected tens of thousands of passengers both domestically and internationally, triggering a wave of consumer complaints, regulatory scrutiny, and renewed public debate about the adequacy of India's aviation consumer protection framework.

India's existing passenger rights regime is contained primarily within the Civil Aviation Requirements issued by the DGCA, which establish minimum standards for compensation and re-accommodation in cases of denied boarding, cancellation, and significant delay. However, the IndiGo incident exposed several limitations in this framework. Compensation amounts have not been reviewed in several years and do not account for inflation or the real costs passengers incur. Enforcement mechanisms are diffuse, with passengers required to pursue claims before multiple forums — the DGCA for regulatory complaints, Consumer Commissions for compensation, and civil courts for damages — depending on the nature of their grievance. And the absence of a consolidated statute comparable to the European Union's Regulation 261/2004 means that passengers lack a single, accessible reference point for their rights.

The Ministry of Civil Aviation has indicated that a comprehensive review of the passenger rights framework is underway. Whether this results in legislation, enhanced Civil Aviation Requirements, or both, remains to be seen. What is clear is that the IndiGo episode has placed consumer protection firmly on the regulatory agenda in a way that earlier, smaller incidents had not.

Aviation Arbitration and Dispute Resolution: An Evolving Landscape

The General Arbitration Framework

India's arbitration regime is governed by the Arbitration and Conciliation Act, 1996, which broadly adopts the UNCITRAL Model Law while incorporating India-specific modifications. The Act has been amended three times in the past decade — in 2015, 2019, and 2021 — each iteration responding to judicial interpretations and stakeholder feedback. The cumulative effect of these amendments has been to progressively reduce judicial intervention in the arbitral process, narrow the grounds for setting aside awards, and introduce confidentiality protections.

The evolution of the arbitration framework through its successive amendments is captured below:

Amendment Year	Principal Contribution
2015	Removal of automatic stay on enforcement; timelines for awards; interim relief in foreign-seated arbitrations; narrowed "public policy" ground
2019	Establishment of Arbitration Council of India; institutionalisation focus; confidentiality provisions introduced
2021	Stay on enforcement for fraud or corruption-tainted awards; removal of prescribed arbitrator qualification requirements
2024 (Draft)	Recognition of emergency arbitration; delegation of court powers to institutions; "seat" terminology alignment; Appellate Arbitral Tribunal; digital signature recognition

The Draft Arbitration and Conciliation (Amendment) Bill, 2024, which was pending notification at the time of writing, proposes several changes of particular relevance to aviation disputes. The recognition of emergency arbitration is significant because aviation disputes — particularly those involving imminent repossession or operational disruptions — often require urgent interim relief that standard arbitral timelines cannot accommodate. The proposed delegation of certain court powers to arbitral institutions would further streamline the process, reducing the need to approach courts for preliminary orders.

Aviation-Specific Arbitration Developments

The intersection of sector-specific legislation with India's general arbitration framework has produced nuanced legal questions. The Protection of Interests in Aircraft Objects Act, 2025 interacts with arbitration law in an interesting way: while the Act itself designates High Courts as the forum for disputes under the Cape Town Convention, it does not exclude arbitration as a means of resolving the underlying commercial dispute. Parties to aircraft leasing agreements — which almost invariably contain arbitration clauses — may still refer the merits of their dispute to arbitration, while the Act's enforcement mechanisms operate in parallel through the courts.

The Supreme Court's ruling in *ASF Buildtech v. Shapoorji Pallonji*, reported at (2025) 9 SCC 76, has added an important dimension to aviation arbitration. The Court held that arbitral tribunals have jurisdiction to implead non-signatories to the arbitration agreement where those parties are so closely connected to the underlying transaction that joining them is necessary for a complete resolution. In aviation leasing structures, which routinely involve multiple parties — the airline, the lessor, the financing bank, any sub-lessors, and the engine manufacturer — this ruling opens the door to consolidated proceedings that could reduce both time and cost compared to sequential litigation.

The constitutional vulnerability of the Bharatiya Vayuyan Adhiniyam's arbitrator appointment provision deserves particular mention. The provision allowing the Central Government to appoint arbitrators in compensation disputes is conceptually similar to the clause struck down by the Supreme Court in *Perkins Eastman Architects DPC & Anr. v. HSCC (India) Ltd.*, (2020) 20 SCC 760, where the Court held that a party with an interest in the outcome of a dispute cannot have the unilateral right to appoint the arbitrator. Whether the Central Government's appointment power in the Adhiniyam falls within or outside this prohibition will likely depend on judicial analysis of whether the government is truly a disinterested appointor or a party with a stake in the compensation outcome.

Multi-Forum Complexity in Aviation Disputes

One of the notable features — and potential weaknesses — of India's aviation dispute resolution landscape is the multiplicity of forums with jurisdiction over different aspects of aviation-related disputes:

Dispute Category	Applicable Forum
Cape Town Convention and aircraft financing	High Courts
Airline insolvency and restructuring	NCLT / NCLAT
Airport tariffs and charges	AERA, with appeals to TDSAT
Passenger claims: cancellation, delay, injury	Consumer Commissions
Competition issues (predatory pricing, abuse of dominance)	Competition Commission of India
General commercial and contractual disputes	Commercial Courts / Arbitration
Regulatory and licensing matters	DGCA

This multi-forum structure offers the benefit of specialisation — aviation financing lawyers appearing before High Courts, insolvency practitioners appearing before the NCLT — but it also creates real risks of inconsistent outcomes, forum shopping, and delays arising from parallel proceedings. Efforts to consolidate aviation dispute resolution, perhaps through a dedicated aviation tribunal or chamber within existing commercial courts, merit serious policy consideration.

Passenger Liability Under the Montreal Convention

The Liability Framework

India ratified the Montreal Convention of 1999, which was incorporated into domestic law through the Carriage by Air Act, 1972. The Montreal Convention establishes a two-tier liability regime for passenger injury and death. Under the first tier, airline liability up to 151,880 Special Drawing Rights — approximately INR 1.85 crore at current International Monetary Fund exchange rates — is strict, meaning that an injured passenger or the estate of a deceased passenger does not need to prove fault. The airline is liable automatically.

Above this threshold, liability is theoretically unlimited but must be established through proof of negligence or wilful misconduct. Crucially, however, the Convention does not guarantee any minimum payout above the strict liability threshold: it merely removes the cap while shifting the burden back to the claimant to demonstrate the airline's culpability. This distinction is important and frequently misunderstood by passengers and their advisors.

The Bharatiya Vayuyan Adhiniyam, 2024 does not alter this liability regime. Its regulatory focus does not extend to prescribing independent compensation ceilings for aviation-related claims, leaving quantum determination to the Montreal Convention framework, the Carriage by Air Act, and general principles of compensatory damages.

Limitation Periods

One aspect of aviation liability law that deserves greater attention in practice is the stringency of the limitation period under the Carriage by Air Act, 1972. Claims for passenger death or injury, baggage loss or damage, and cargo claims must be filed within two years from the date of the incident. This is considerably shorter than India's general contractual limitation period of three years under the Limitation Act, 1963. Courts have shown limited willingness to extend aviation limitation periods through equitable doctrines, making early legal advice essential for aggrieved passengers.

The GIFT City Aircraft Leasing Ecosystem: Promise and Challenges

India's aspiration to develop a world-class aircraft leasing hub within the GIFT City International Financial Services Centre in Gujarat has been a recurring theme in aviation policy discussions for several years. The practical barriers to realising this ambition — legal uncertainty about creditor rights, absence of a specialised regulatory framework for leasing entities, limited capital market depth, and the absence of an operational track record — have historically outweighed the fiscal incentives on offer.

The Protection of Interests in Aircraft Objects Act, 2025 removes the single most significant legal barrier. With Cape Town Convention rights now enforceable in Indian courts with statutory clarity, a lessor operating through GIFT City can structure its transactions with a level of legal confidence that was previously unavailable. The International Financial Services Centres Authority, which regulates entities operating within GIFT City, has been actively developing a framework for aircraft leasing entities that includes single-window approvals, streamlined foreign exchange regulations, and access to IFSC banking units for dollar-denominated financing.

The challenges that remain are real but not insurmountable. The availability of specialised legal and technical expertise — aviation lawyers, appraisers, maintenance specialists — in India's financial services ecosystem is developing but not yet comparable to Dublin or Singapore. The depth of India's capital markets for aviation-backed securities is limited. And the lack of an operational track record means that international lessors considering GIFT City as a base will need several years of evidence before moving significant operations from established jurisdictions.

That said, the trajectory is encouraging. The combination of statutory reform, regulatory infrastructure, and India's status as one of the world's fastest-growing aviation markets creates a compelling long-term case. The question is less whether GIFT City will eventually develop into a meaningful leasing hub, and more how quickly the remaining structural gaps can be addressed.

Critical Analysis: Achievements, Tensions, and Unresolved Questions

The Creditor-Debtor Tension

The Protection of Interests in Aircraft Objects Act, 2025 resolves the immediate tension between the Cape Town Convention and the Insolvency and Bankruptcy Code in favour of creditor rights. This is economically rational — without enforceable creditor protections, the cost of capital for Indian aviation rises, ultimately harming passengers and the broader economy. But it is worth acknowledging what this choice involves. The IBC's rescue-oriented framework prioritises the rehabilitation of distressed businesses over asset recovery, reflecting a policy judgment that saving jobs and maintaining economic activity is worth imposing temporary restrictions on creditor rights.

The Cape Town Convention, by contrast, prioritises asset mobility — the ability of financiers to quickly recover and redeploy aircraft to more creditworthy operators. These are not simply different legal rules; they reflect genuinely different theories about how best to allocate risk in commercial systems. The Act's resolution is pragmatic and internationally consistent, but it does not dissolve the underlying tension. Future insolvency proceedings involving Indian carriers will continue to test the boundaries of the Act's override clause, particularly in cases where rehabilitation prospects are genuine and lessor repossession would effectively force liquidation.

Constitutional Questions in Dispute Resolution

The Adhiniyam's provision for unilateral arbitrator appointment by the Central Government is not merely a technicality — it is a provision that could seriously undermine the legitimacy of arbitral proceedings in which the government has a regulatory or financial interest. The Supreme Court's jurisprudence on this issue, crystallised in *Perkins Eastman*, reflects a deep principle: that dispute resolution mechanisms must be structurally independent if their outcomes are to command confidence. Allowing one party to choose the decision-maker fundamentally compromises that independence.

The government may argue that its appointment power is exercised in a capacity more analogous to a neutral sovereign than an interested party. Whether this argument succeeds before the Supreme Court will likely depend on the specific factual contexts in which the appointment power is exercised. Until judicial clarity is obtained, parties to compensation disputes under the Adhiniyam face the uncomfortable prospect of proceedings whose structural validity is uncertain.

Implementation Capacity

The legal quality of a statute is only as meaningful as the administrative capacity to implement it. The five-day deregistration rule under the Protection of Interests in Aircraft Objects Act is a good illustration: it creates a clear legal obligation but depends entirely on the DGCA's ability to process IDERA requests accurately and promptly within the prescribed window. In an organisation that has historically struggled with processing backlogs across a range of functions, this is not a trivial concern.

Similarly, the SAF mandate requires not just airline compliance but the development of adequate domestic SAF production, certification, and supply infrastructure. Indian Oil Corporation's commitment to supply the required volumes is encouraging, but the scaling of SAF production to meet progressively higher blending requirements — which the policy trajectory suggests are inevitable — will require sustained investment and regulatory coordination across the petroleum and civil aviation ministries.

CONCLUSION

What has happened to India's aviation law in the period from 2024 to 2026 is, by any objective measure, historically significant. A sector that was governed by a pre-independence statute and hobbled by enforcement gaps that added measurable costs to every leasing transaction has undergone a profound legal renovation. The Protection of Interests in Aircraft Objects Act, 2025, the Bharatiya Vayuyan Adhiniyam, 2024, and the SAF mandate collectively represent an investment in the legal infrastructure of aviation that is likely to yield dividends — in reduced leasing costs, improved investor confidence, enhanced passenger protection, and environmental alignment — for years to come.

Yet history offers a cautionary note about the gap between legislative enactment and real-world transformation. Laws do not implement themselves. The five-day deregistration timeline will only deliver its promised certainty if the DGCA processes IDERA requests without delay. The GIFT City leasing hub will only attract international operators if India's legal ecosystem matures to match statutory ambitions with operational expertise. The passenger rights framework will only be meaningful if compensation obligations are actually enforced. And the constitutional questions hovering over the Adhiniyam's arbitration provisions will need judicial resolution before the dispute resolution framework can operate with full legitimacy.

India's aviation sector stands at a genuinely consequential crossroads. The legal foundations laid between 2024 and 2026 are solid. Whether they are built upon with the same energy, consistency, and intelligence that produced them will determine whether India becomes not merely a large aviation market, but an enduringly great aviation jurisdiction — one that other nations look to for guidance as they design their own legal frameworks for the aircraft age.

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